

Message Text

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ORIGIN ARA-06

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FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON

INFO AMEMBASSY PARAMARIBO

C O N F I D E N T I A L STATE 012599

LIMDIS

E.O. 11652: GDS

TAGS: ECON, EIND, EMIN, JM

SUBJECT: ALCOA NEGOTIATIONS

1. IN LUNCHEON CONVERSATION JANUARY 16 ALCOA EXECUTIVES TOLD DEPOFF THAT THEY EXPECT TO BEGIN SERIOUS NEGOTIATIONS WITH GOJ FEBRUARY 2. ACCORDING TO PAUL CROUCH, ALCOA EXECUTIVE FROM KINGSTON, GOJ HAS AGREED THAT ALCOA WILL NOT BE BOUND TO MINIMUM PRODUCTION REQUIREMENT FOR 1975, I.E. ALCOA WILL PAY TAXES ONLY FOR BAUXITE ACTUALLY MINED IN 1975. IN RETURN, AND APPARENTLY AS A CONDITION FOR UP-COMING NEGOTIATIONS, ALCOA HAS AGREED THAT IT WILL PREVENT ITS ICSID SUIT FROM COMING TO A JUDGMENT DURING NEGOTIATIONS.

2. CROUCH AND OTHER ALCOA EXECUTIVES MADE CLEAR THAT THEY ARE NOT REPEAT NOT DROPPING ICSID SUIT. THEY BELIEVE EXISTENCE OF THEIR SUIT AGAINST GOJ IS KEY LEVER IN NEGOTIATIONS, AND THEY INTEND TO KEEP THIS PRESSURE ON
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GOJ UNTIL AGREEMENT REACHED.

3. CROUCH EXPRESSED CONSIDERABLE PESSIMISM ABOUT DOMESTIC JAMAICAN POLITICS AND ECONOMY. HE IS PARTICULARLY CONCERNED ABOUT POSSIBLE BREAKDOWN LAW AND ORDER IN PRESENT CLIMATE OF POLITICAL VIOLENCE. HE REPORTED ONE INCIDENT IN WHICH ALCOA CONTRACTOR, JAMAICAN CITIZENS, THREATENED BY JAMAICAN THUGS EMPLOYING CLASSIC "PROTECTION" GAMBIT. POLICE REPORTEDLY UNABLE OR UNWILLING TO BREAK UP THIS "PROTECTION" RACKET. (WOULD APPRECIATE ANY EMBASSY INFORMATION OR COMMENT ON THIS INCIDENT.)

4. DESPITE PESSIMISTIC VIEWS EXPRESSED BY CROUCH, ALCOA IS EVIDENTLY STILL HOPEFUL OF AN AGREEMENT. MOREOVER, THEY CLEARLY DO NOT THINK ADVERSE TRENDS IN JAMAICA HAVE GONE SO FAR THAT SITUATION IS HOPELESS FROM THEIR POINT OF VIEW. AMONG OTHER THINGS WHICH MAY BE DISCUSSED IN UPCOMING NEGOTIATIONS, CROUCH MENTIONED QUESTION OF EXPANSION ALCOA FACILITIES. HE DID NOT MAKE TERMS OF ANY SUCH EXPANSION CLEAR, BUT IT APPEARS ALCOA IS AT LEAST WILLING TO CONSIDER FURTHER INVESTMENT IN JAMAICA IF THEY ARE ABLE TO GET AN ACCEPTABLE AGREEMENT. KISSINGER

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